

REPORT OF SURVEY  
of  
LOCAL  
SELF GOVERNMENT  
of the  
PROVINCE  
OF ALBERTA



*Conducted by*

*The Alberta Association of  
Municipal Districts*

*1939-1940*

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## **SURVEY REPORT**

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### **ERRATA**

The word "organized" in paragraph 4 on page 19 should read "unorganized."

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During the discussion of the Report at the Convention the following amendment was moved and adopted:

Strike out the last sentence in paragraph 2, page 16, and insert the following:

"Two districts, each barely able to struggle on, should be re-surveyed, reverting back to the Crown the unproductive areas of each unit (for parks, grazing or timber lands) uniting the productive areas into one unit, thereby creating ample resources to operate efficiently and still lose none of their community of interest."

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While not in the form of an amendment to the Report, the following suggestion was offered and accepted:

"That in any re-organization of municipal district boundaries that we may have, and in any representations that may be advanced, that they be made conditional as to revenue and as to any expenditures which municipal districts have to meet"

(Please insert in your copy of the Report)



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# LOCAL SELF GOVERNMENT SURVEY

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## PREFACE

The Alberta Association of Municipal Districts was prompted, in the first instance, to make a survey of local self government by the fact that, while only a comparatively small part of the total area of the Province has ever been organized into self governing units, a considerable number of Municipal Districts in various parts of this area were being disestablished, while no attempt has been made to establish new units even though some of the unorganized neighbourhoods appeared to have all the requirements necessary for the support of a successful self governing community.

There was also the difficulty which many districts were having in carrying on the ordinary work of the municipality in the face of an ever-increasing burden of social services, which was reflected in an abnormal carryover of arrears of taxes resulting in many instances in virtual confiscation of the taxpayers' property.

In order that the Survey might be quite impartial and the conclusions reached be based wholly on the facts of the case, uninfluenced by any preconceived prejudice, the Executive felt that they should employ a man who had not been connected with the administration of government in any official capacity, but was fitted by his training to collect and compile those facts in a clear and comprehensive manner. The Executive feel that they were fortunate in securing the services of Mr. Abell, a graduate of the University of Alberta and a specialist in political economy.

The work which he has done appears to be thorough and accurate and as comprehensive as could be accomplished in the somewhat limited time at his disposal. Much material is presented in clear and concise form from which those interested in the institution of local self government may draw conclusions as to the form and scope best adapted to the conditions in this Province. In this report an attempt is made to summarize that material for the benefit of the many Municipal men who will not be able to examine and study the complete survey.

Aside from the important part local government plays in the development of our national life, it may be assumed that, in any area capable of supporting a population dense enough to require

such services as roads and schools, those services can be more advantageously provided by some form of local government than in any other way, and it is particularly important to the development of a new country, such as ours, that there be a sound progressive system of local government generally suited to the requirements of all the settled areas of the Province. No group of people are better fitted to work out such a system than the municipal men of this Province and it is hoped that the material made available by this survey will assist them in doing so.

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## **HISTORICAL REVIEW**

### **1875**

Rural Municipal Government in the territory now comprising Alberta received its birth under an old Northwest Territorial Statute dated 1876, framed to suit the needs of a sparsely settled community. In 1886 there was passed the Statute Labor Districts Ordinance which provided for the formation of statute labor districts. These districts were created for no other purpose than that of building roads. They were not more than four townships in size with a population of at least fifty and provision was made for the election or appointment of an overseer to collect the road tax either in the form of day labor or in money payment.

### **1903**

While slight changes took place in this form of municipal unit from time to time, it was not until 1903 that any important change took place. In that year the existing unit was replaced by small Local Improvement Districts of from three to six townships with a three to six member council in place of the former overseer system. A more flexible form of taxation was introduced, provision being made to allow the tax levy to range from  $1\frac{1}{4}$  to 5 cents per acre. It was this rural unit that was in effect when Alberta received its autonomy in 1905.

### **1907**

In 1907 the Alberta Government recognized the growing importance that local governments would play in the life and development of the Province by the appointment of Local Improvement District Inspectors to examine and oversee the offices of the small Local Improvement Districts.

### **1912**

This form of local administration prevailed until 1912, a year generally regarded as a landmark in the history of Municipal Institutions in this Province. With the birth of the Twentieth Century, land settlement in the Western Provinces, particularly Saskatchewan and Alberta, had expanded rapidly and with this expansion came the need for a change in rural administration. So, in that year, a Department of Municipal Affairs was created by the Provincial Government and charged with the administration of the Town Act, the Village Act, the Rural Municipality Act and the

Local Improvement Act as well as the actual administration of affairs in Local Improvement Districts. A general reorganization into Rural Municipalities was provided following closely the Saskatchewan reorganization of 1908. The Province was divided generally into units of nine townships each. The population requirement of the new units was low, being only 324 residents to the unit or just one person for every section of land. The jurisdiction of Municipal Councils was increased and municipal tax assessment was permitted on a valuation without improvement basis at a flat rate per acre with a maximum of ten mills or ten cents per acre. Provision was made to meet a hail tax levy, debenture issues or a school tax levy. Provision was also made for the enforcement of tax collections which may be said to be the forerunner of the Tax Recovery Act of a later date.

### **1913**

In the year 1913 another far-reaching change took place when councils were first called upon to collect a land levy for Provincial purposes, i.e. the Educational Tax, the revenues from which were earmarked for school grants. The following year, 1914, saw the imposition of another Provincial Land Tax—the Wild Land Tax. Thus the Provincial Government definitely entered the field of land taxation for Provincial revenues, and this additional burden of taxation upon land has since been aggravated by the obligation imposed upon Municipal Districts to support social services of various kinds.

### **1918**

This year is marked by the passing of the first complete Municipal Districts Act, which remained in effect until the revision of 1926. By this Act the small Local Improvement District and Rural Municipality disappeared and was replaced by the present Improvement District administered by the Department of Municipal Affairs, and the present Municipal District. This year also witnessed the first imposition of the Supplementary Revenue Tax and the Mothers' Allowance Act, with fifty per cent. of the latter chargeable to the responsible district. These two acts were ominous to the future of rural municipal government in Alberta in-as-much as land was then called upon to bear a tax or burden from which it derived no benefit, namely that of social service. The following year, 1919, witnessed the enactment of the first complete Tax Recovery Legislation in the Tax Recovery Act, 1919. This was revised in 1922 and again in 1928.



## 1920-1940

Although the two-decade period of 1920 to 1940 saw many important and far-reaching changes in the economic life of Alberta, it is a period that, from a fundamental standpoint, provided little change in the scope or method of administration of local self-government. This period did, however, witness the change in the method of assessment of land from an acreage to a valuation basis and the collection of school taxes by the one collecting authority. The establishment of municipal units had reached its peak in the early years of this period. Instead of steadily increasing in numbers as one would expect in a new and developing country a considerable reduction in numbers then took place due to disorganizations, particularly in the dry areas of the Province

### THE DISORGANIZATION OF MUNICIPAL DISTRICTS

On December 31st, 1912, the year which witnessed the organization of a Department of Municipal Affairs, there existed in Alberta 55 Rural Municipalities and 90 small Local Improvement Districts. By 1923 the number of Municipal Districts had increased to 169 with an average population of 1670 according to the 1921 census. Since 1923 that number has not increased, but to the contrary, some 29 Districts have been disorganized. Moreover it may be worthy of comment that over twenty of these disorganizations have taken place since 1936.

Table 1 in the Appendix hereto sets out the numbers of the Municipal Districts that have been disorganized and the reasons for disorganization.

It only requires a brief reference to any map of Alberta to show that the greater part of the Municipalities that have been disorganized lie in that portion of the Province which has suffered from extreme drought and in which it is now generally accepted that wrong cultural methods were adopted in the early days. In other words it is doubtful if that area should ever have been thrown open to cultivation for grain growing purposes. It is very questionable, therefore, whether any particular conclusion can be drawn from these disorganizations as to the ability of those areas to support any form of local government. They do provide, however, fairly conclusive evidence that our present setup was not adapted to conditions existing in that part of the Province. Once population and cultural practise have been adjusted to the long-run character

of these areas it should be possible for a local body to provide that level of services which the wealth of the region and the needs of the population seem to justify.

### **THE ROWELL-SIROIS COMMISSION REPORT AS IT AFFECTS MUNICIPALITIES**

In a later part of this report reference will be made to the extent to which expenditures for social services and for unemployment relief have handicapped the efforts of Municipal authorities to finance the duties which they might be expected to assume. In any survey of local government as it exists in Alberta this burden of financing social services and unemployment relief must have particular attention as it is common to Municipalities, urban and rural, throughout Canada. Since this survey was undertaken by Mr. Abell the Report of the Rowell-Sirois Commission on Dominion-Provincial Relations has been made public. This Report completely substantiates the conclusions reached by our own survey that local government cannot properly function in Western Canada, whatever unit of area is used, and carry out the duties assigned to it, unless relieved by the senior governments of a large part of the burden of expenditures for social services and unemployment relief.

The general attitude of the Commission to local government institutions is set out in the following words:

"Local and municipal institutions fall under the exclusive jurisdiction of the province, and the Commission has, therefore, refrained from making specific recommendations with respect to municipal reform, except where the problem falls within Dominion-Provincial relations. The Commission has sought rather to outline the problems which must be faced, assuming that municipal reform will sooner or later be undertaken by the Provinces. It should be noted that, if the Dominion assumes responsibility for unemployed employables and if the Commission's financial recommendations are implemented, not only will the municipalities derive direct benefits, but the Provinces will be in a much better financial position to attack the problem of municipal reform than heretofore."

Book II, Page 149.

In keeping with this declared position the Report does not contain any direct recommendation on any problem of municipal reform. It does, however, make clear the increasing share of governmental burden thrown upon Municipal Organizations from early Confederation days.

Dealing particularly with the burden of unemployment relief the Report has this to say:

"Over the whole period 1931-37 the relief expenditures amounted to more than 25 per cent. of the total municipal-provincial revenues. In nearly every province during the early thirties these revenues fell short of the requirements for ordinary purposes. There were distressing deficits even before anything had been provided for relief. In not one province in any year following 1930 did the municipal-provincial revenues left over after provision for ordinary services meet the total cost of relief. The amount of borrowings necessary to pay for the whole of the remaining requirements would have bankrupted most of the provinces and municipalities in the country.

"The wide disparities and the regional incidence of the depression had large variations in the incidence of the burden of relief and other welfare costs upon the several provinces. The costs of relief varies inversely with the ability to meet them. In Western Canada, where incomes fell most rapidly, relief costs were relatively the highest."

—Book I, Page 163.

Again in Book 11, Pages 18 and 19, the Report states:

"Even in cases where municipalities were able to carry their share of relief, it was often at the expense of upkeep of public works, education, and other services. Despite Dominion grants-in-aid for relief works, municipal capital expenditures fell far below normal, thereby increasing unemployment. Moreover, an undue load was frequently thrown on real property, the principal source of municipal revenues, at a time when income from real property had seriously declined and property values had been shattered. In an effort to collect back taxes many municipalities became loaded up with real property. In all municipalities where the tax burden on real estate had become unduly heavy, new construction and private enterprise were further handicapped, thereby tending to retard recovery."

The Chapter on Municipal Finances (Chapter 7) is of particular interest to Municipal authorities. The Commission itself sums up this Chapter as follows:

"The Chapter discusses some of the more fundamental problems which must be faced if municipal financing is to be efficient and municipal taxpayers are to be equitably served. It has pointed out that the municipal unit in metropolitan and rural areas is, in very many cases, no longer economic or in keeping with administrative efficiency; that local needs no longer determine municipal functions and that many functions, essentially provincial, are still left with, or have been imposed on, the municipalities; that municipal revenues are in many cases far from adequate to support municipal functions; that there is almost universal complaint across Canada of undue, or inequitable, taxation of real estate, though the complaints are not always well founded; that although the total of municipal debt has not risen substantially during the depression, the credit of many 'one-industry' municipalities, working-class 'dormitory suburbs' of metropolitan areas, and metropolitan communities generally, has been severely strained, and even destroyed in some cases, because of relief costs. The need for the provinces assuming greater responsibility for the credit position of their municipalities has also been pointed out."

Book II, Page 149.

It is true that specialized industrial development as well as the stimulation to business following the expenditures made necessary by Canada's war effort have temporarily relieved the burden of unemployment relief. It is difficult, however, to see how we can escape a recurrence of this problem when hostilities end. The effort of Municipal authorities therefore should be to support the findings of the Rowell-Sirois Commission in an endeavor to have their main recommendation carried into effect, that is that the central government should assume the full responsibility in Canada for unemployment relief. Unless this principle is accepted and unless the Provincial Government also assumes a larger share of the costs of social services, any attempt to re-organize municipal institutions on a sounder financial basis will utterly fail.

To again quote from this Report:

"Democracy begins with local government, and local government cannot be politically healthy and stimulating unless the problems set to those who conduct it are possible of solution. The essence of financial responsibility lies in the possibility of balanced budgets which permit of far-sighted planning and this condition has been in grave peril in Canadian Municipalities during the last decade."

Book II, Page 149.

### **MUNICIPAL DISTRICTS AND IMPROVEMENT DISTRICTS CENTRAL VS. LOCAL ADMINISTRATION**

In the popular mind there is a tendency to compare the two opposing types of administration now existing in the rural areas of the Province, that is the Municipal Districts on the one hand, commonly referred to as the organized part of the Province, and the Improvement Districts on the other, commonly referred to as the unorganized territory. Indeed it may be true that the residents of some Municipal Districts are encouraged to favour dis-organization in the belief that it may lead to reduced costs of administration and therefore to lower taxes.

Such a comparison between the two types of administration might be made if respective areas constituting them were to any marked degree similar, but Improvement Districts, generally speaking, constitute the least developed portions of the Province — areas less well endowed to maintain or to encourage settlement. Much of the gray wooded soil area of the Provinces for example is included within the unorganized area. There are, however, considerable areas in which conditions appear to be fully as favourable as in many of the organized areas.

The unorganized part of the Province is very large. The 1937 annual report of the Department of Municipal Affairs shows

223 Improvement Districts in the taxes section and an additional 58 in the receipts and payments section, compared with 158 Municipal Districts for the same year.

Of the 223 Improvement Districts only 216 had assessed valuations. An examination of the comparative average figures of the Improvement Districts on the one hand and the Municipal Districts on the other show clearly the general backwardness of the Improvement Districts. The average assessment of the Improvement Districts is only \$338,385.00 as compared with an average assessment of \$2,053,399.00 of the Municipal Districts, and an average direct relief liability on the part of the Improvement Districts of \$3,765.00 as compared with \$1,845.00 for the Municipal District. At the same time the average expenditure for public works per unit for Improvement Districts was \$375.00 as contrasted with an average expenditure for Municipal Districts of \$9,785.00. Not only do these figures show the general backwardness of the Improvement Districts but they of course indicate that the level of services in the Improvement Districts is not comparable to that in the Municipal Districts.

Because of the lower assessments in the Improvement Districts and partly by reason of the very nature of the administration of these Districts, the Improvement Districts, it seems clear, have the advantage that some services are given to them by the Provincial Departments without cost. For example weed inspectors are supplied without charge through the Department of Agriculture while for a time costs of assessment, yearly audit, tax sale proceedings and relief administration were not charged against the Improvement Districts. In recent years a certain fixed sum (in 1937 \$100,000) has been apportioned among Improvement Districts by way of administrative charge. As the Provincial Government does not provide any system of cost accounting it is impossible to estimate accurately the extent to which this flat charge does or does not adequately cover the costs of services provided by the Provincial Government to the Improvement Districts.

The following extract from the Report of the Department of Municipal Affairs of 1922 is of interest:

"For many years the Province has pursued a policy in connection with Improvement Districts, whereby the expenses of administration, in connection with certain matters, were defrayed from the vote given to various Departments of the Government. This policy has lessened the costs charged against taxes collected in Improvement Districts, and has resulted in an unjust discrimination against the policy pursued in Municipal Districts where all expense of administration was borne out of the treasury of the Municipalities. A change in this policy would show very clearly that the actual

expenses connected with the administration of affairs in Improvement Districts is at least equal to that obtaining in Municipal Districts."

There is undoubtedly a considerable element of subsidy in the Provincial policy with respect to the Improvement Districts. For that reason and because economically there is such a wide difference between the Improvement Districts on the one hand and the Municipal Districts on the other, no valid basis of comparison can be obtained. In fact the Improvement Districts and Municipal Districts are not designed either as competing or alternative forms of Municipal organization. The Improvement District was designed to provide services to people in the early stages of settlement of a District. It was regarded as a temporary form of organization which with the progress and stabilization of settlement would ultimately assume the character, powers and duties of a Municipal District.

### **ASSESSMENT, TAXATION AND EXPENDITURE**

Taxes on real property in Municipal Districts fall into two groups, those levied for local purposes and those actually levied by the Province but collected by the Municipality. The first group can be further subdivided into those actually levied and collected for municipal purposes alone and those levied and collected for the support of other local governments such as schools and hospitals.

The following table is a summary of local taxes in Municipal Districts for the year 1938:

Tax	Total Levy	Average Levy	Net Total Assessment	Mill Rate
Municipal	\$2,939,838	\$19,469	\$317,802,061	9.25
School	2,456,479	16,268	317,802,061	7.73
Hospital	105,623	5,030	44,197,629	2.39
<b>TOTAL</b>				<b>19.37</b>

To the above must be added the Provincial taxes as follows:

Social Service Tax	\$930,011
Educational Tax	16,160
Wild Lands Tax	19,995
<b>TOTAL</b>	<b>\$966,166</b>

The Wild Land Tax and the Educational Tax have a very limited application and their importance is now small. The Social Service Tax applies uniformly throughout the Municipal Districts at a three mill rate.

Exclusive of Wild Lands and Educational Tax, therefore, the average total mill rate in 1928 was 22.37 in Municipal Districts

where a hospital was operated or 19.98 in Districts where no hospital was operated. Of this total levy the percentage actually levied for purely municipal purposes was 41 per cent. in the former class and 46 per cent. in the latter class.

Table 2 in the Appendix hereto shows the average levies and expenditures of Municipal Districts during the period 1923 to 1938. A reference to this table will show:

(a) That the average levy has increased comparatively little during that period.

(b) Expenditures have increased somewhat more proportionately than the increase in levies.

(c) The table indicates clearly the extreme fluctuations of gross agricultural production within the Province and also shows that taxes could be paid much more easily prior to 1929 than since.

The tax arrears situation in Municipal Districts is serious. Municipal tax arrears rose from 0.94 times the current levy in 1921 to 2.22 times the current levy in 1938 or from 10.4 to 22.3 cents per assessed acre. The effect of general economic and crop conditions as reflected in the gross value of agricultural products (Table 2 Appendix) is borne out by the fact that during the period 1922 to 1928 arrears tended to decline, whereas in the period 1929 to 1936 they were approximately doubled. The following table is an examination of the tax arrears based on a division of the Province into soil groups or zones and the Municipalities in each group.

### MUNICIPAL TAX ARREARS IN M.D'S 1938

Soil Group	No of M D's	Levy Per Acre (cents)	ARREARS		
			Per Acre (cents)	Divided by Levy	Per Capita (dollars)
1—Brown South Alberta.	11	4.2	28.3	6.7	61.4
2—Dark Brown South-Central.	50	9.1	23.4	2.6	28.1
3—Black Central.	49	12.2	16.1	1.3	10.7
4—Gray Wooded North and West.	41	11.3	26.6	2.4	18.1
All Soils	151	10.0	22.3	2.2	20.6

The above table shows that the situation is much more serious in Soil Group No. 1 where the arrears amount to 6.7 times the current levy of 1938 than in Soil Group No. 3 where the arrears were only 1.3 times the current levy. This table would seem to indicate that local government can be supported much better in the soil

zones in the Province in which diversified farming is carried on, than in those Districts which depend entirely upon wheat production with all the fluctuations in the amount of such production and the price of the product.

A further study shows that there is a definite relationship between the amount of tax arrears and the amount of the mill rate. There seems to be a tendency for delinquency in tax payments to increase rapidly as the mill rate moves above 13 mills. The following table shows that the problem of tax arrears is even more serious with respect to schools, social service and hospital tax.

### 1938 ARREARS FOR MAJOR LAND LEVIES IN M.D'S

Tax	Levy Per Acre (cents)	Per Acre (cents)	ARREARS	
			Divided by Levy	Per Capita (dollars)
Municipal	10.0	22.3	2.2	20.6
School	8.0	24.5	3.0	22.6
Social Service	3.2	7.9	2.5	7.3
<b>TOTAL</b>	<b>21.2</b>	<b>54.7</b>	<b>2.6</b>	<b>50.5</b>
Hospital (1)	2.8	7.5	2.7	6.6

(1)—Hospital taxes are not levied in all M.D's. These figures are drawn from 21 M.D's wholly within hospital districts

The evidence examined points to a close relationship between tax arrears and the economic, geographic and climatic factors within particular areas and suggests that a faulty distribution of the burden of taxation may be a contributing factor. It is possible of course that a part of this problem could have been avoided by better administrative methods and by a general strengthening of the administrative and collecting machinery.

It is true that Municipal Districts have been afforded great statutory assistance in collection of taxes but it is possible that the amount and nature of the statutory assistance of the past has induced a certain amount of laxness in the collection of current taxes with the result that delinquency has increased the danger of property ultimately falling into the hands of the Municipality. Postponement of tax collection cannot be defended as a kindness to the taxpayer and there is probably a fuller realization today among the Municipal Councils of the necessity of collecting taxes when current.

In this respect Saskatchewan has gone much farther than the other Prairie Provinces and the legislation now in effect there is worthy of careful study. The Saskatchewan Act makes taxes a special lien or charge against crops as distinguished from this



Province where taxes are only a lien or charge against land. Sale of crops cannot take place in that Province unless the Treasurer of the Municipality issues a certificate of exemption. These Certificates must be issued to all persons who have paid their taxes but may also be issued at the discretion of the Council to other persons if their circumstances seem to warrant it. Reports from that Province indicate that this legislation, which was first passed as an experiment, has been made permanent and is working satisfactorily. If brought into effect in this Province it would avoid a great deal of work now necessary annually under the Tax Recovery Act and make unnecessary the numerous tax sales now advertised and at the same time avoid all necessity for seizures for taxes.

Turning to the field of expenditure, Table 3 in the Appendix shows the levy and expenditures over a period of years divided according to administration expenses, protection of personal property, public works, and social service expenditures including relief. This table shows:

1. That administration or overhead costs constitute an average of 19.4% of total expenditure in 1938 and 18.3% for the period 1923 to 1938. These administrative costs vary from 16.7% in some districts to 36.2% in others and, of course, the per capita cost is lower in the districts with the larger population. Although the usual argument in favour of larger units is that of reduced costs of operation, still having regard to the total percentage of expenditure falling under the head of administration cost it is evident that there cannot be a very great saving in this respect resulting from enlarged units.

2. Expenditures for protection of personal property have shown very little variation over the period and are lower now than in 1930 and preceding years. Expenditures for public works have been reduced under the period from 1924 to 1931. The remaining portion of municipal expenditure is largely uncontrollable, arising as it does out of social legislation. The expenditures under this heading increased by 317% in the period from 1923 to 1938. It is this increase in expenditures for social services that is making it so difficult for Municipalities to function and, as shown in a previous part of this report, this same situation is common to Municipal organizations throughout Canada and threatens to result in tax burdens upon land so high as to be practically confiscatory.

## **THE QUESTION OF REORGANIZATION**

The early history of the development of local self government has been briefly outlined in the early part of this report. In 1912 the arbitrary unit of nine townships was selected as the basic unit

of organization. Since that day no change has taken place other than the organization of one part of the Province into Special Areas and that change was made necessary primarily by the realization that new cultural and rehabilitation methods would be required in that area. In recent years there has been considerable discussion of a possible reorganization into larger units and one of the purposes of this survey was to ascertain the extent to which that might be necessary and the possible maximum size of new units.

There can be little doubt but that we have the ground work of an excellent system of local government in the rural areas of this Province, and to throw it overboard for some new and untried scheme, or to advocate drastic changes merely for the sake of change would be the height of folly. No doubt many of the present Districts in the more thickly settled and prosperous parts of the Province have all the requirements for successful operation, but as we go down the scale we find districts which lack sufficient tax-paying capacity within their area to enable them to purchase modern road machinery, for example, and operate it during the entire season, which of course must be done for the sake of economy because of the money invested. As we go still farther down the scale we find others without enough population and tax-paying ability within their areas to justify the cost of administration, and they soon reach the point where they find themselves in financial difficulties which lead to disorganization. Two Districts, each barely able to struggle on could be united and then have ample resources to operate efficiently and still lose none of their community of interest.

In any consideration of the need of reorganization of the Municipal Unit several factors must be kept in mind:

1. At the time the nine township unit was selected, the settlement in this Province was proceeding very rapidly but had not yet been established. It was not then accurately known where permanent centres of community interest would be established. The possible development of railway facilities and the need for better highways and market roads to accommodate the automobile and the truck had not been realized. Alberta may now be considered as emerging from this pioneer stage of its history and rural settlement is fairly well established; communities of interest and trading centres are known; a system of highways and market roads has been developed and their routes are fully known. Much greater information is now available upon which to pass judgment than in 1912.

2. As the essence of local government is the local knowledge on the part of Councillors of matters coming under their jurisdiction, the early Municipal unit was partly based on the means

of transportation then known, that is the cruising radius of the horse in a day. Since that time the development of better roads, the wide use of the automobile and the telephone have considerably increased the mobility of the Councillor and broadened the area over which local administration might be effective.

3. Rural municipal organization should be based as far as possible upon the homogeneity of areas, not only with respect to business centres and communication lines but also with respect to economic, climatic and geographic considerations. Population, the number of resident farmers, total assessment are factors to be taken into consideration. It is clearly established that nine townships in Soil Zone No. 1 cannot support local municipal government in the same way as nine townships in Soil Zone No. 3. This means that the ideal or optimum municipal unit cannot be of any one size but must vary with variations in the above factors. Area will, of course, prescribe a physical limit to the municipal unit but should not be the sole criterion. Density of population will no doubt be a useful guide, as will also the number of farm units.

4. A study of administration costs shows that they are proportionately somewhat higher in the more densely populated areas. This indicates that to achieve the requisite economy and efficiency in administration and administrative costs the unit need not be as large in areas of denser population.

5. The chief saving with respect to Public Works would result from a better utilization of road building equipment. As with administration costs this saving would be most pronounced in poorer districts. Some saving and increased efficiency would be likely to result, however, even in the better areas. The ability to utilize more specialized equipment to full advantage should increase and, in addition, the co-ordination of road building programmes over a wider area would be less wasteful.

6. Consideration should also be given to the relationship of the area of a Municipal District to that of School Districts and Hospital Units in order that there should be a certain co-ordination of boundaries.

7. The greater part of the Province has now been made subject to careful soil survey and production and precipitation records are available over a number of years. These factors, together with the established nature of settlement, make possible a division of the Province into zones. The results of our survey indicate clearly that the size of Municipal Units should vary with the different zones.

8. It is obviously not possible to expand the size of the Municipal Unit indefinitely. The amount of time which the Reeve

and Councillors can give to the labour of management and supervision is limited and if the District is too large there will be inevitable lack of local contact, and there would inevitably be some deterioration in the quality of administration.

9. As a result of the survey it seems clear that any plan based upon an arbitrary combination of a number of present units would be unsound and untenable. The plan which the Provincial Government placed before the Municipalities in 1932 had certain defects. The average size of the unit contemplated at that time was equal to almost seven times the present size. This would result in most cases in a unit quite unwieldy. That plan also failed to take into account sufficiently a number of the considerations herein indicated.

10. It is doubtful if any particular lesson can be learned from the recent establishment of the larger school unit. Without expressing any opinion as to whether or not the size of these units are proving suitable on the one hand or unwieldy on the other, the fact remains that the nature of the duties of the Boards of Trustees in the larger units are quite different from the duties and responsibilities of the Reeve and Councillors of Municipal Districts.

The Boards of Trustees are primarily concerned with the quality of teaching service given in the schools. In exercising this responsibility they have the advice and technical assistance of a full time Inspector and the size of the unit can, to some extent, be governed by the number of Inspections of any school in the District that may be made in a year. In the majority of the units, beyond making a requisition based on the year's budget, there is no responsibility for tax collection. But as already stated the essence of effective local government is the knowledge of local conditions on the part of the Reeve and Councillors. The upkeep of roads and bridges, the administration of indigent relief and hospitalization and even the effective collection of taxes are all matters demanding this local knowledge. If the area becomes so large that this knowledge of local affairs is no longer possible then local government as we have known it ceases to exist and bureaucracy takes its place.

However much attention and study may be given to the various factors above mentioned, the survey has demonstrated that no amount of study can determine exactly the ideal size or boundaries of any Municipal Unit in the Province. Your Executive therefore has not attempted to formulate any plan of rural reorganization nor has it attempted to prepare any map of an ideal municipal set-up in the Province. Your Executive believes that in any event the Department of Municipal Affairs would be interested in any suggested scheme of reorganization and its views are entitled to consideration. If, therefore, it is thought advisable to

carry the survey, so far made by your Executive, to the conclusion of formulating a plan of reorganization in the Province, your Executive believes that work should be undertaken jointly by representatives of the Department of Municipal Affairs and of this organization.

As a result of the study which it has made, your Executive has reached the following conclusions which it now places before you:

1. That the arbitrary division of the Province into units of nine townships each is probably no longer justified or tenable.

2. That in any reorganization a unit should be formed in the light of considerations hereinbefore expressed and should have regard particularly to density of population, number of farm units and productivity of the area in which it is located as well as community interests, trading centres, transportation facilities and natural geographical boundaries.

3. That units established in the poorer soil zones in which the scantier populations are located would of necessity be larger than the units established in the better soil zones.

4. It is felt that many of the existing units would not have to be changed materially. Some of these Districts have within their present boundaries all of the essentials necessary for a successful unit and nothing material would be gained by any change. What is required is a re-arrangement of the boundaries of the less fortunate units and of part of the organized units so as to establish other units that may meet the requirements of satisfactory local government administration.

In conclusion it is felt that some reorganization of local government in the Province is likely to be undertaken in the future. This may come either by Governmental action quite independent of the Association or as a result of joint discussion between the Government and this Association. Your Executive believes that a sounder plan will be evolved by joint action and that it is desirable that a committee representative of the Government and the Association be appointed to review the material already assembled and prepare a definite plan of reorganization for submission to the next Convention.

**TABLE No. 1****DISORGANIZED MUNICIPAL DISTRICTS**

M D No.	Date Organized	Date Dis-organized	Present Status	Conditions leading to Disorganization	Actual Reason for Dis-organization
92	Dec. 9/12	Jan. 1/38	I. D.	Drought	Economy
96	" 9/12	Sep. 1/28	"	"	"
123	" 9/12	April 7/28	Special Area	"	"
127	" 14/14	Dec 1/37	"	Drought and other adverse conditions	"
153	" 9/12	July 2/28	"	Drought	"
183	" 10/17	Feb. 15/30	"	"	"
215	" 14/14	Feb 13/32	"	"	"
243	" 9/12	Dec 31/37	"	"	"
244	" 8/13	Feb. 13/32	"	"	"
245	" 9/12	Feb. 13/32	"	"	"
271	" 9/12	Jan. 30/37	"	"	"
272	" 9/12	Jan. 30/37	"	"	"
274	" 9/12	Dec. 31/37	"	"	"
275	" 9/12	Dec. 31/37	"	"	"
301	" 9/12	Dec. 31/37	"	"	"
302	" 9/12	May 15/36	"	"	"
303	" 9/12	May 15/39	"	"	"
304	" 9/12	Dec. 31/37	"	"	"
335	" 9/12	May 31/35	"	"	"
522	" 13/15	April 1/37	I. D.	Marginal Area	Reduction in population and war conditions
553	" 14/14	April 3/17	"	"	"
555	Before 1912	*Feb. 29/20	"	"	"
667	Dec. 14/14	Jan. 15/17	"	"	"

\*Municipal organization before 1912 under Department of Public Works.

**TABLE No. 2****AVERAGE MUNICIPAL LEVY AND EXPENDITURE 1923-1938**

Year	Levy 100's of \$	Index of Levy	Expen- diture 100's of \$	Index of Expenditure	Index of Gross Value of Agricultural Production	Index of Burden of Levy	Index of Burden of Expenditure
1923	172	100	165	100	100	100	100
1924	159	92	193	117	105	88	111
1925	157	91	189	115	112	81	103
1926	162	94	201	121	134	70	90
1927	177	103	242	147	165	62	89
1928	196	114	258	156	132	86	118
1929	217	126	---	---	101	125	---
1930	222	129	262	157	71	182	221
1931	204	119	211	127	55	218	231
1932	186	108	161	98	49	220	200
1933	165	96	206	125	49	196	255
1934	168	98	205	124	60	163	207
1935	170	99	201	122	58	171	210
1936	174	101	183	111	61	167	183
1937	182	106	193	117	75	141	156
1938	195	113	223	135	68	166	199

It will be noted that the average levy has increased comparatively little during the period under review.

**TABLE No. 3**  
**AVERAGE MUNICIPAL PAYMENTS AND EXPENDITURE 1923-1938.**  
**HUNDREDS OF DOLLARS — RATIOS IN BRACKETS**

Year	Levy	Total Expenditure	Total Payments	Adminis- tration	Protection of Person and Property	Public Works	Grants, Aid, Health, Relief, etc.
1923	172 (100)	165 (100)		46 (100)		107 (100)	12 (100)
1924	159 ( 92)	193 (117)		41 ( 89)		140 (131)	12 (100)
1925	157 ( 91)	189 (115)		38 ( 83)		139 (130)	12 (100)
1926	162 ( 94)	201 (121)		35 ( 76)	6 (100)	147 (137)	13 (108)
1927	177 (103)	242 (147)		40 ( 87)	8 (133)	175 (161)	19 (158)
1928	196 (114)	258 (156)		39 ( 85)	7 (117)	196 (183)	16 (133)
1929	217 (126)						
1930	222 (129)	262 (157)	255	36 ( 78)	9 (150)	189 (177)	21 (175)
1931	204 (119)	211 (127)	218	35 ( 76)	7 (117)	151 (141)	25 (208)
1932	186 (108)	161 ( 98)	169	37 ( 80)	6 (100)	101 ( 94)	25 (208)
1933	165 ( 96)	206 (125)	150	30 ( 65)	6 (100)	89 ( 83)	25 (208)
1934	168 ( 98)	205 (124)	195	31 ( 67)	8 (133)	121 (113)	35 (292)
1935	170 ( 99)	201 (122)	190	32 ( 69)	6 (100)	112 (105)	40 (333)
1936	174 (101)	183 (111)	202	34 ( 74)	6 (100)	113 (106)	49 (408)
1937	182 (106)	193 (117)	192	35 ( 76)	6 (100)	98 ( 92)	53 (442)
1938	195 (113)	223 (135)	218	42 ( 91)	8 (133)	118 (110)	50 (417)





